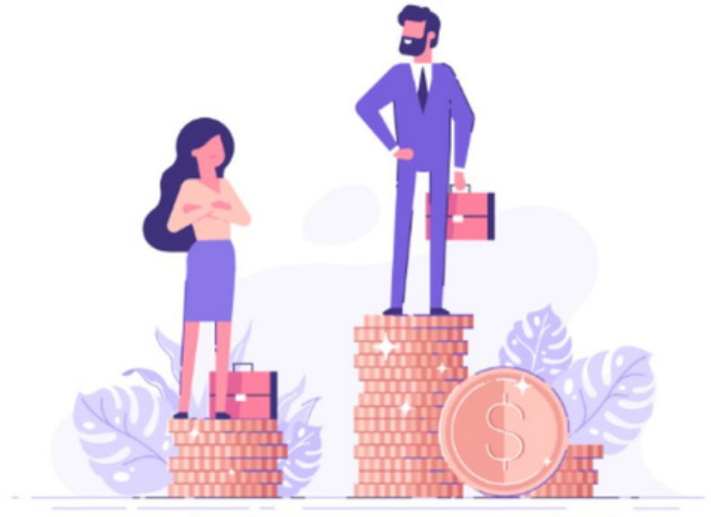




26th June, 2023



Gender & The Super Gap - How Does Yours Compare?

The superannuation gender gap has been a subject of serious concern for at least half of Australia's population.

Women are more likely to have significantly less money saved for their retirement, less assets and far less super than men, putting them in a place of greater financial stress and concern.

For example, a woman in the 20-24 age bracket may have an average super balance of \$8,051, while a man in the same bracket is expected to have an average balance of \$9,481. In the 40-44 age bracket, the average super balance for men is \$134,992, while women in that age group may only possess \$98,572.

The superannuation gap is facilitated by various factors that often adversely affect women more than men.

Men and women may have different super balances due to pay gaps, salary differences and potentially the amount of time they have spent working (maternity leave, working part-time versus full-time etc., taking time off work for travel, etc.).

Some key contributing factors include:

Pay Disparity (The Wage Gap)

In Australia, the gender pay gap is 22.8%.- for every \$10 earner by a man, a woman (on average) will only earn \$7.72.

Caregiving

Time taken out of the workforce for the purpose of caregiving is predominantly done by female employees. Females account for more than 70% of primary caregiving, on average, taking five years out the workforce. Their caregiving responsibilities may range from childcare to looking after ill or elderly family members.

Part-time Workers

Women are more likely to work part-time or casually than men, contributed to by a lack of workplace flexibility to accommodate care responsibilities. This not only affects the amount women earn, but career and wage progression.

Compound Interest Effects

Compound interest makes super a powerful tool when saving for retirement as interest is paid on both the principal and interest from past years: a bit like the snowball effect – over time you see exponential growth.

A lifetime of earning widens the gap, and compounding interest deepens this divide. Males are earning compound interest on their more considerable savings, which means more interest in the long term.

There are three proposed measures concerning how the superannuation gap could be addressed at a macro level. These include:

- Including superannuation guarantee contributions in the Commonwealth Paid Parental Leave scheme, as a majority of recipients are women, and it is a leading cause of the gap exacerbation.**
- Allowing unused concessional contributions to be made for recipients of Commonwealth Paid Parental Leave without time limits is harming women's superannuation outcomes, so the policy needs to be changed accordingly.**
- Amending the Sex Discrimination Act to ensure employers can make higher superannuation payments for their female employees if they wish to do so without contravening the existing legislation.**

Here are some examples of ways in which women can increase their super balances to make up for any losses that may have been incurred until legislative action is taken to amend this discrepancy:

- Contribution splitting - by having their spouse transfer some of their superannuation contributions over to their account, their account can be increased.**
- Salary-sacrificing contributions into their super to make up for the shortfall from not working in the previous year.**

If you are concerned about your superannuation or would like further advice, please speak with us.

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